

## Message Text

PAGE 01 PARIS 27437 01 OF 02 222050Z

70

ACTION EB-07

INFO OCT-01 EUR-12 IO-10 ISO-00 CAB-02 CIAE-00 COME-00

DOTE-00 INR-07 NSAE-00 FAA-00 L-03 NSC-05 SS-15 /062 W

----- 089782

R 221604Z OCT 75

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 4465

INFO DIA WASHDC

FAA BRUSSELS

USMISSION EC BRUSSELS

USMISSION GENEVA

LIMITED OFFICIAL USE SECTION 01 OF 02 PARIS 27437

E. O. 11652: N/A

TAGS: EAIR, FR, US

SUBJ: CIVAIR: US-FRENCH AEROSPACE COOPERATION

REF: PARIS 22811

1. SUMMARY-DASSAULT REP HAS COMMENTED FAVORABLY TO PRESS ON PROGRESS OF TALKS WITH US ON POSSIBLE COOPERATION. LOCKHEED TEAM HAS DISCUSSED MERCURE 200 DEVELOPMENT AND WILL SHORTLY MAKE MORE DETAILED PROPOSALS TO DASSAULT. LOCKHEED COULD BE WELL PLACED TODAY, BUT FRENCH WILL PROBABLY TRY TO PLAY THREE MAJOR US CONSTRUCTORS OFF ONE AGAINST THE OTHER.

2. LATREILLE, DIRECTOR OF SALES OF CIVIL AIRCRAFT AT DASSAULT, TOLD PRESS LAST WEEK THAT WITH GOF BLESSING DASSAULT WAS PURSUING ACTIVE DISCUSSIONS WITH THE THREE MAIN US CONSTRUCTORS FOR POSSIBLE COOPERATION ON DEVELOPMENT OF MERCURE 200. LATREILLE SAID DASSAULT WOULD BE CONDUCTING PARALLEL DISCUSSIONS WITH US AND EUROPEAN INDUSTRY BEFORE A DECISION TAKEN IN NEXT SIX MONTHS, BUT THUS FAR DASSAULT HAD FOUND LIMITED OFFICIAL USE  
LIMITED OFFICIAL USE

PAGE 02 PARIS 27437 01 OF 02 222050Z

AMERICANS "MORE REALISTIC AND LESS HUNG UP OVER PRINCIPLES" THAN WERE EUROPEANS. LATREILLE SAID THAT IN DISCUSSIONS WITH US CONSTRUCTORS DASSAULT HAD INSISTED THAT IT WOULD HAVE TO BE SENIOR PARTNER IN

CHARGE OF DESIGN WORK AND ASSEMBLY PLANT WOULD HAVE TO BE IN FRANCE, THOUGH POSSIBILITY OF A SECOND ASSEMBLY LINE IN US WAS OPEN FOR DISCUSSION.

3. FINANCIAL DAILY LES ECHOS IN REPORTING LATREILLE PRESS CONFERENCE REMARKED THAT LOGICALLY DOUGLAS RATHER THAN BOEING OR LOCKHEED WOULD BE IDEAL PARTNER FOR DASSAULT IN SUCH A DEAL. REUTERS, IN REPORTING LATREILLE PRESS CONFERENCE, SAID THAT LATREILLE PLACED SPECIAL STRESS ON ITS NEGOTIATIONS WITH DOUGLAS.

4. LOCKHEED SENT TEAM TO PARIS OCT. 12 FOR FOLLOW-UP TALKS AFTER VISIT TO LOCKHEED PLANT BY SECSTATE OF TRANSPORTATION CAVAILLE DURING HIS RECENT US TRIP. LOCKHEED MANAGEMENT HAD INFORMED CAVAILLE ON THAT OCCASION OF THEIR STRONG INTEREST IN POSSIBLE JOINT DEVELOPMENT OF MERCURE 200 AS RESULT OF INITIAL STUDIES THEY HAD CARRIED OUT, THOUGH THEY FELT THAT A NUMBER OF TECHNOLOGICAL IMPROVEMENTS DRAWING ON TRISTAR DESIGN WOULD BE NECESSARY IF MERCURE 200 WAS TO BE FULLY RESPONSIVE TO LIKELY MARKET NEEDS, ESPECIALLY IN US AFTER 1980. LOCKHEED REP TELLS US THAT FOLLOW-UP TALKS HERE LAST WEEK WENT EXTREMELY WELL. SGAC REP SAT IN ON ALL MEETINGS. SUFFICIENT INTEREST WAS GENERATED IN TALKS WITH DASSAULT THAT IT WAS AGREED LOCKHEED TEAM, AFTER CONSULTING FURTHER WITH TOP MANAGEMENT, WOULD SHORTLY PROPOSE TO LATREILLE PLAN FOR CONTINUED LOCKHEED-DASSAULT COLLABORATION THAT WOULD PLACE GOF IN POSITION TAKE FIRM DECISION ON MERCURE 200 PROJECT EARLY NEXT YEAR. (DARICAULT, SGAC REP, THOUGHT GOF DECISION WOULD BE UNLIKELY BEFORE END OF FIRST QUARTER OF 1976.) PLAN WOULD PROVIDE FOR FURTHER REFINEMENT OF DESIGN AND CONFIGURATION OF MERCURE 200, MORE IN-DEPTH MARKET SURVEYING, DISCUSSION OF HOW PRODUCTION AND SALES PROMOTION RESPONSIBILITIES MIGHT BE SPLIT, AIRCRAFT PRICE, ETC. AS NEXT STAGE AFTER  
LIMITED OFFICIAL USE  
LIMITED OFFICIAL USE

PAGE 03 PARIS 27437 01 OF 02 222050Z

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 01 PARIS 27437 02 OF 02 222043Z

70

ACTION EB-07

INFO OCT-01 EUR-12 IO-10 ISO-00 CAB-02 CIAE-00 COME-00

DOT-00 INR-07 NSAE-00 FAA-00 L-03 NSC-05 SS-15 /062 W

----- 089677

R 221604Z OCT 75  
FM AMEMBASSY PARIS  
TO SECSTATE WASHDC 4466  
INFO DIA WASHDC  
FAA BRUSSELS  
USMISSION EC BRUSSELS  
USMISSION GENEVA

LIMITED OFFICIAL USE SECTION 02 OF 02 PARIS 27437

THESE PRELIMINARIES LOCKHEED WOULD PROPOSE CANVASSING US CARRIERS TO GAUGE INTEREST IN MERCURE 200 AND WHETHER A FEW CARRIERS WOULD PLACE ORDERS TO HELP LAUNCH THE PROGRAM (IN ADDITION, OF COURSE, TO ORDERS FROM AIR FRANCE AND AIR INTER). LOCKHEED'S CONTINUED PARTICIPATION WOULD BE CONTINGENT ON US CARRIER INTEREST TO HELP LAUNCH MERCURE 200 ON US MARKET. LOCKHEED THOUGHT THAT ONLY ONE ASSEMBLY LINE WOULD BE FEASIBLE, WHICH FRENCH WOULD PROBABLY INSIST BE IN FRANCE AND ALSO THAT DASSAULT HAVE OVER-ALL RESPONSIBILITY FOR THE PROJECT. AIRCRAFT DESTINED FOR US MARKET COULD BE FERRIED TO US AND RECEIVE FINAL OUTFITTING THERE. THESE ARRANGEMENTS WOULD PROBABLY BE ACCEPTABLE TO LOCKHEED, THEIR REP TOLD US.

5. LOCKHEED REPS ASKED LATREILLE ABOUT REFERENCE TO DOUGLAS IN HIS EARLIER COMMENTS TO PRESS. LATREILLE SAID PRESS HAD PLACED EXAGGERATED EMPHASIS HIS REMARKS THIS SUBJECT. HE ADMITTED THAT TALKS WERE UNDERWAY WITH DOUGLAS AND THERE WOULD SHORTLY BE VISIT TO DOUGLAS PLANT IN US, BUT HE STRESSED LIMITED OFFICIAL USE  
LIMITED OFFICIAL USE

PAGE 02 PARIS 27437 02 OF 02 222043Z

THAT AS YET THERE WERE NO SERIOUS  
NEGOTIATIONS WITH DOUGLAS.

6. LOCKHEED TEAM ALSO MET WITH AEROSPATIALE REPS AT REQUEST OF LATTER. AEROSPATIALE REPS OUTLINED THEIR THINKING ON POSSIBLE NEW TWIN-ENGINE MEDIUM-RANGE AIRCRAFT BAPTISED AS-200 (THOUGH NOT EVEN GOF APPEARS TO TAKE THIS PROJECT SERIOUSLY). THEY ALSO EXPRESSED VIEWS ON MERCURE 200 PROJECT THAT DIFFER SOMEWHAT FROM THOSE OF DASSAULT. (AEROSPATIALE WOULD BE AN IMPORTANT SUBCONTRACTOR IN MERCURE 200 PROJECT.) THRUST OF AEROSPATIALE PRESENTATION, HOWEVER, WAS TO URGE PARTICIPATION BY US INDUSTRY IN PRODUCTION OF A-300 AIRBUS DERIVATIVES AND ASSISTANCE IN AIRBUS MARKETING IN US. LOCKHEED REP'S RESPONSE WAS FLAT STATEMENT THAT US CONSTRUCTORS UNINTERESTED IN A SHARE OF THE AIRBUS PROGRAM.

(COMMENT: LOCKHEED REP'S SUMMARY OF THE TALKS:  
"AEROSPATIALE IS IN REAL TROUBLE".)

7. LASTLY, LOCKHEED TEAM, JOINED BY THEIR VICE  
PRESIDENTS FOR FINANCE AND MARKETING, MET IN PARIS  
WITH ABRAHAM AND DARICAULT OF SGAC AND AN OFFICIAL OF  
DEFENSE MINISTRY, IN COURSE OF WHICH GOF REPS SOUGHT  
ASSURANCES ON CURRENT STATE OF LOCKHEED FINANCES.

8. COMMENT: WE HAVE NOT HAD UPDATING ON BOEING  
TALKS WITH FRENCH SINCE REFTEL REPORT NOR DO WE HAVE  
ANY DETAILS FROM DOUGLAS RE CURRENT STATE OF PLAY  
THEIR DISCUSSIONS WITH FRENCH. FROM INFO  
REPORTED ABOVE PARAS, HOWEVER, FRENCH DISCUSSIONS WITH  
LOCKHEED APPEAR TO BE ALREADY FAIRLY WELL ADVANCED  
ON TECHNICAL SPECIFICS OF POSSIBLE FUTURE COOPERATION.  
IT IS QUITE EVIDENT THAT GOF TACTIC AT THIS STAGE IS  
TO FOCUS ALL ITS EFFORTS ON SAVING SOMETHING OF  
MERCURE 100 BY PRODUCING MERCURE 200 DERIVATIVE  
USING CFM-56 ENGINE. FOR THE GOF THIS WOULD  
GIVE INTERNATIONAL COOPERATION MORE OF A  
FRENCH COLORATION THAN WOULD FRENCH PARTICIPATION  
LIMITED OFFICIAL USE  
LIMITED OFFICIAL USE

PAGE 03 PARIS 27437 02 OF 02 222043Z

IN A US PROJECT SUCH AS BOEING'S 7X7 (THUS AVOIDING  
STIGMA OF BEING "SUB-CONTRACTOR" TO US INDUSTRY,  
WHICH IS A SENSITIVE ISSUE DOMESTICALLY) AND WOULD  
ALSO GIVE FRENCH INDUSTRY A GOOD SHARE OF THE JOBS  
IN BOTH THE DESIGN AND PRODUCTION PHASES. LOCKHEED'S  
APPARENT READINESS TO HAVE MERCURE 200 ASSEMBLY LINE  
LOCATED IN FRANCE WOULD THUS BE MUSIC TO FRENCH EARS.  
HOWEVER, THERE WILL CERTAINLY BE MUCH HARD  
BARGAINING BEFORE ANY DECISION IS REACHED, AND WE  
EXPECT THAT FRENCH WILL BE TEMPTED TO TRY TO PLAY ONE  
US CONSTRUCTOR OFF AGAINST THE OTHER IN EFFORT TO  
STRIKE THE MOST FAVORABLE DEAL POSSIBLE FOR FRENCH  
INTERESTS.

RUSH

LIMITED OFFICIAL USE

BARGAINING BEFORE ANY DECISION IS REACHED, AND WE  
EXPECT THAT FRENCH WILL BE TEMPTED TO TRY TO PLAY ONE  
US CONSTRUCTOR OFF AGAINST THE OTHER IN EFFORT TO  
STRIKE THE MOST FAVORABLE DEAL POSSIBLE FOR FRENCH  
INTERESTS.

RUSH

LIMITED OFFICIAL USE

<< END OF DOCUMENT >>



## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 26 AUG 1999  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** CIVIL AVIATION, AEROSPACE INDUSTRY, AIRCRAFT, JOINT VENTURES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 22 OCT 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** CunninFX  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975PARIS27437  
**Document Source:** ADS  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** n/a  
**Film Number:** D750367-0507  
**From:** PARIS  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1975/newtext/t197510102/baaaaaad.tel  
**Line Count:** 214  
**Locator:** TEXT ON-LINE, TEXT ON MICROFILM  
**Office:** ACTION EB  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 4  
**Previous Channel Indicators:**  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** CunninFX  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 28 APR 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <28 APR 2003 by BoyleJA>; APPROVED <06 OCT 2003 by CunninFX>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
06 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** n/a  
**TAGS:** EAIR, FR, US, LOCKHEED  
**To:** STATE INFO DIA  
FAA BRUSSELS  
EC BRUSSELS  
GENEVA  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006

